

**Proposed Substitute  
Bill No. 5297**

LCO No. 3190

**AN ACT CONCERNING INTEREST TRANSPARENCY.**

Be it enacted by the Senate and House of Representatives in General Assembly convened:

1       Section 1. Section 36a-770 of the 2016 supplement to the general  
2       statutes is repealed and the following is substituted in lieu thereof  
3       (*Effective from passage*):

4       (a) The Uniform Commercial Code. A transaction subject to sections  
5       36a-770 to 36a-788, inclusive, as amended by this act, 42-100b and 42-  
6       100c is also subject to the Uniform Commercial Code, title 42a, but in  
7       case of any conflict the provisions of sections 36a-770 to 36a-788,  
8       inclusive, as amended by this act, 42-100b and 42-100c shall control.

9       (b) Filing and recording. Section 42a-9-310 determines the need for  
10      filing or recording to perfect a security interest, section 42a-9-317  
11      determines the persons who take subject to an unperfected security  
12      interest, and sections 42a-9-311 and 42a-9-501 to 42a-9-526, inclusive,  
13      determine the place for such filing or recording.

14      (c) Definitions. As used in sections 36a-770 to 36a-788, inclusive, as  
15      amended by this act, 42-100b and 42-100c, unless the context otherwise  
16      requires:

17      (1) "Boat" means any watercraft, as defined in section 22a-248, other

18 than a seaplane, used or capable of being used as a means of  
19 transportation on water, by any power including muscular.

20 (2) "Cash price" means the total amount in dollars at which the seller  
21 and buyer agreed the seller would transfer unqualified title to the  
22 goods, if the transaction were a cash sale instead of a sale under a retail  
23 installment contract.

24 (3) "Commercial vehicle" means any domestic or foreign truck or  
25 truck tractor of ten thousand or more pounds gross vehicular weight  
26 or any trailer or semitrailer designed for use in connection with any  
27 truck or truck tractor of ten thousand or more pounds gross vehicular  
28 weight and which is not used primarily for personal, family or  
29 household use.

30 (4) "Filing fee" means the fee prescribed by law for filing, recording  
31 or otherwise perfecting and releasing or satisfying a security interest,  
32 as defined in subdivision (35) of subsection (b) of section 42a-1-201,  
33 retained or created by a retail installment contract or installment loan  
34 contract.

35 (5) "Finance charge" means the amount in excess of the cash price of  
36 the goods agreed upon by the retail seller and the retail buyer, to be  
37 paid by the retail buyer for the privilege of purchasing the goods  
38 under the retail installment contract or installment loan contract.

39 (6) "Finance charge markup" means the difference between the  
40 annual percentage rate of the retail seller's finance charge and the  
41 annual percentage rate offered by the sales finance company that  
42 acquires the retail installment contract.

43 ~~[(6)]~~ (7) "Goods" means (A) "consumer goods", as defined in  
44 subdivision (23) of subsection (a) of section 42a-9-102 and motor  
45 vehicles included under such definition, having an aggregate cash  
46 price of fifty thousand dollars or less, and (B) "equipment", as defined  
47 in subdivision (33) of subsection (a) of section 42a-9-102, having an  
48 aggregate cash price of sixteen thousand dollars or less, provided such

49 consumer goods or such equipment is included in one retail  
50 installment contract or installment loan contract.

51 [(7)] (8) "Installment loan contract" means any agreement made in  
52 this state to repay in installments the amount loaned or advanced to a  
53 retail buyer for the purpose of paying the retail purchase price of  
54 goods and by virtue of which a security interest, as defined in  
55 subdivision (35) of subsection (b) of section 42a-1-201, is taken in the  
56 goods for the payment of the amount loaned or advanced. For  
57 purposes of this subdivision, "installment loan contract" does not  
58 include agreements to repay in installments loans made by the United  
59 States or any department, agency or instrumentality thereof.

60 [(8)] (9) "Lender" means a person who extends or offers to extend  
61 credit to a retail buyer under an installment loan contract.

62 [(9)] (10) A retail installment contract or installment loan contract is  
63 "made in this state" if: (A) An offer or agreement is made in  
64 Connecticut by a retail seller or a lender to sell or extend credit to a  
65 resident retail buyer, including, but not limited to, any verbal or  
66 written solicitation or communication to sell or extend credit  
67 originating outside the state of Connecticut but forwarded to and  
68 received in Connecticut by a resident retail buyer; or (B) an offer to buy  
69 or an application for extension of credit, or an acceptance of an offer to  
70 buy or to extend credit, is made in Connecticut by a resident retail  
71 buyer, regardless of the situs of the contract which may be specified  
72 therein, including, but not limited to, any verbal or written solicitation  
73 or communication to buy or to have credit extended, originating  
74 within the state of Connecticut but forwarded to and received by a  
75 retail seller or a lender outside the state of Connecticut. For purposes  
76 of this subdivision, a "resident retail buyer" means a retail buyer who  
77 is a resident of the state of Connecticut.

78 [(10)] (11) "Motor vehicle" means any device in, upon or by which  
79 any person or property is or may be transported or drawn upon a  
80 highway by any power other than muscular. For purposes of this  
81 subdivision, "motor vehicle" does not include self-propelled

82 wheelchairs and invalid tricycles, tractors, power shovels, road  
83 machinery, implements of husbandry and other agricultural  
84 machinery, or other machinery not designed primarily for highway  
85 transportation but which may incidentally transport persons or  
86 property on a highway, or devices which move upon or are guided by  
87 a track or travel through the air.

88 [(11)] (12) "Retail buyer" means a person who buys or agrees to buy  
89 one or more articles of goods from a retail seller not for the purpose of  
90 resale or lease to others in the course of business and who executes a  
91 retail installment contract or an installment loan contract in connection  
92 therewith.

93 [(12)] (13) "Retail installment contract" means any security  
94 agreement, as defined in subdivision (74) of subsection (a) of section  
95 42a-9-102, made in this state, including one in the form of a mortgage,  
96 conditional sale contract or other instrument evidencing an agreement  
97 to pay the retail purchase price of goods, or any part thereof, in  
98 installments over a period of time and pursuant to which a security  
99 interest, as defined in subdivision (35) of subsection (b) of section 42a-  
100 1-201, is retained or taken by the retail seller for the payment of the  
101 amount of such retail installment contract. For purposes of this  
102 subdivision, "retail installment contract" does not include a rent-to-  
103 own agreement, as defined in section 42-240.

104 [(13)] (14) "Retail installment sale" means any sale evidenced by a  
105 retail installment contract or installment loan contract wherein a retail  
106 buyer buys goods from a retail seller at a time sale price payable in two  
107 or more installments. The cash price of the goods, the amount, if any,  
108 included for other itemized charges which are included in the amount  
109 of the credit extended but which are not part of the finance charge  
110 under sections 36a-675 to 36a-686, inclusive, and the finance charge  
111 shall together constitute the time sale price. For purposes of this  
112 subdivision, "retail installment sale" does not include a rent-to-own  
113 agreement, as defined in section 42-240.

114 [(14)] (15) "Retail seller" means a person who sells or agrees to sell

115 one or more articles of goods under a retail installment contract to a  
116 retail buyer.

117 [(15)] (16) "Sales finance company" means any person engaging in  
118 this state in the business, in whole or in part, of acquiring retail  
119 installment contracts from retail sellers or installment loan contracts  
120 from holders thereof, by purchase, discount or pledge, or by loan or  
121 advance to the holder of either on the security thereof, or otherwise.

122 Sec. 2. Subsection (a) of section 36a-772 of the 2016 supplement to  
123 the general statutes is repealed and the following is substituted in lieu  
124 thereof (*Effective October 1, 2016*):

125 (a) A retail seller of motor vehicles may charge, contract for, receive  
126 or collect a finance charge expressed as an annual percentage rate on  
127 any retail installment contract covering the retail sale of a motor  
128 vehicle in this state, which charge shall not exceed the rates indicated  
129 for the respective classifications of motor vehicles as follows: (1) On  
130 sales made prior to October 1, 1985, of (A) new motor vehicles,  
131 eighteen per cent; (B) used motor vehicles of a model designated by  
132 the manufacturer by a year not more than three years prior to the year  
133 in which the sale is made, nineteen and one-quarter per cent; and (C)  
134 used motor vehicles of a model designated by the manufacturer by a  
135 year more than three years prior to the year in which the sale is made,  
136 twenty-one and one-half per cent; (2) on sales made on or after October  
137 1, 1985, and prior to October 1, 1987, (A) new motor vehicles, sixteen  
138 per cent; (B) used motor vehicles of a model designated by the  
139 manufacturer by a year not more than two years prior to the year in  
140 which the sale is made, eighteen per cent; (C) used motor vehicles of a  
141 model designated by the manufacturer by a year more than two years  
142 prior to the year in which the sale is made, twenty per cent; and (3) on  
143 sales made on or after October 1, 1987, (A) new motor vehicles, fifteen  
144 per cent; (B) used motor vehicles of a model designated by the  
145 manufacturer by a year not more than two years prior to the year in  
146 which the sale is made, seventeen per cent; (C) used motor vehicles of  
147 a model designated by the manufacturer by a year more than two

148 years prior to the year in which the sale is made, nineteen per cent. A  
149 retail seller of motor vehicles shall not charge, contract for, receive or  
150 collect, for a retail installment contract with a term of five years or less,  
151 a finance charge that is more than one and one-quarter per cent, or, for  
152 a retail installment contract with a term greater than five years, a  
153 finance charge that is more than one per cent above the annual  
154 percentage rate offered by a sales finance company that acquires the  
155 retail installment contract. A retail seller of motor vehicles who  
156 charges, contracts for, receives or collects a finance charge under this  
157 subsection shall disclose, in writing, to the retail buyer purchasing the  
158 motor vehicle: (i) The annual percentage rate of the retail seller's  
159 finance charge; (ii) the identity of the sales finance company, as  
160 defined in section 36a-535, bank, credit union or other lender of the  
161 retail installment contract that offers the lowest annual percentage rate  
162 and the amount of that rate; and (iii) any finance charge markup, as  
163 defined in section 36a-770, as amended by this act, imposed by the  
164 retail seller.

This act shall take effect as follows and shall amend the following sections:

Section 1	<i>from passage</i>	36a-770
Sec. 2	<i>October 1, 2016</i>	36a-772(a)